

PALOMAR AIRPORT ADVISORY COMMITTEE

Thursday, November 15, 2007

AGENDA ITEM # 7

IMPLEMENTATION OF PASSENGER FACILITY CHARGE REVENUE PROGRAM

Background

Major improvements are underway to modernize and reorganize Palomar Airport. The Federal Aviation Administration (FAA), who has provided significant grant funding for County airport projects, has strongly encouraged implementation of a Passenger Facility Charge (PFC) revenue program to provide an additional source of funding for projects at Palomar Airport. The PFC revenue program allows public agencies that control a commercial service airport to impose a fee for each paying passenger of an air carrier enplaned the airport. These fees are collected by airlines as part of the ticketing process.

PFC Implementation Process

The PFC implementation process includes establishing a PCF rate, identifying eligible projects to be funded with the revenue, developing project schedules, preparing a comprehensive financial plan that includes the proposed PFC share of project costs, consulting with air carriers, and submitting a PFC application to the FAA for approval. Once established a PFC continues until the PFC share of cost has been received for projects approved during the PFC implementation process.

Current air carriers that would charge PFCs include America West and Sky West. New airlines coming on line at Palomar Airport while PFCs are in place would participate in the program as long as their enplanements are 1% or more of total enplanements.

PFC Rate

Current law allows a PFC charge of up to \$4.50 for each paying passenger enplaned at the airport. Legislation is presently in progress that recommends increasing this amount to \$7.00.

PFC revenue programs are in place at most non-hub airports and the majority have set the rate at \$4.50.

- There are 239 existing non-hub airports. 79% currently collect PFCs.
- There are 190 current PFCs in place at non-hub airports.
 - o 86% are at the rate of \$4.50 per enplaned paying passenger
 - o 14% are at the rate of \$3.00 per enplaned paying passenger

County Airports staff recommends establishing a \$4.50 PFC rate.

Projects to be Funded

The FAA must approve projects to be funded with PFC revenue. The criteria for determining project eligibility are very similar to the FAA criteria for funding Airport Capital Improvement Projects. For eligible projects, PFC revenue can be used to pay for the amount not funded by FAA grants. Projects may include those that have already been completed.

Palomar Airport projects to be recommended for funding and the amount to be funded with PFC revenue are included on the attached spreadsheet. The total proposed PFC to be collected for these projects is \$8.6 million. It is estimated that PFCs will be collected through 2040 to fund these projects.

Recommended Motion

“Palomar Airport Advisory Committee recommends that the Board of Supervisors approve implementation of a Passenger Facility Charge (PFC) Revenue Program at McClellan Palomar Airport with a PFC rate of \$4.50 for each enplaned paying passenger on commercial flights”.